



MEMORANDUM

TO: Members of the Authority

FROM: Tim Sullivan
Chief Executive Officer

DATE: November 16, 2023

SUBJECT: NJ Cool Program

Request:

The Members are asked to approve:

1. The creation of the NJ Cool Program, a pilot program that will provide grants to retrofit projects in existing commercial buildings that result in a reduction of operating greenhouse gas emissions. The pilot will support projects located in the municipalities of the City of Newark (Newark), the Township of Edison (Edison), and the City of Atlantic City (Atlantic City).
2. The utilization of an initial \$15,000,000 from New Jersey Economic Development Authority's (NJEDA) allocation of the 2023 Regional Greenhouse Gas Initiative (RGGI) auction proceeds to capitalize the NJ Cool Program.
3. Delegation of authority to the Chief Executive Officer to:
 - a) Approve individual applications for the NJ Cool Program in accordance with the terms set forth in this memo and the attached program specifications.
 - b) Increase funding from \$15,000,000 to up to \$30,000,000 based on available RGGI funding if application demand exceeds the initial \$15,000,000 funding allocation.

Background:

The Regional Greenhouse Gas Initiative (RGGI)

On January 29, 2018, Governor Murphy signed Executive Order 7 (EO 7), instructing state government agencies to return New Jersey to full participation in the Regional Greenhouse Gas Initiative (RGGI) as quickly as possible. RGGI is a multi-state, market-based program that establishes a regional cap on carbon dioxide (CO₂) emissions from the electric power generation sector and therefore allowing for auctioning of emissions rights. Launched in 2005, RGGI was the first mandatory greenhouse gas "cap-and-invest" program in the United States. States use the proceeds from the CO₂ allowance auctions to invest in programs to help further reduce CO₂ and other greenhouse gas pollution, spur clean and renewable energy, and provide rate relief on energy bills.

Through its participation in RGGI auctions and fixed price allowance sales held between 2020 and 2022, New Jersey received funding that totaled approximately \$372 million. In 2023, the first three quarterly RGGI auctions have thus far resulted in over \$131 million in funding to the state.

Three agencies, New Jersey Department of Environmental Protection (NJDEP), New Jersey Board of Public Utilities (NJBPU), and New Jersey Economic Development Authority (NJEDA), collaborate on the creation of New Jersey's RGGI Strategic Funding Plan, which identifies how the RGGI auction proceeds will be utilized for over 3-year funding periods.

Per the 2023 Funding Plan, The State will deploy RGGI funds for 2023-2025 within four initiative categories:

1. Accelerate Healthy Homes and Building Decarbonization;
2. Catalyze Clean, Equitable Transportation;
3. Strengthen New Jersey's Forests and Urban Forests; and,
4. Promote Blue Carbon in Coastal Habitats.

New Jersey's RGGI funds allocation is governed by the Global Warming Solutions Fund Act (P.L. 2008,

c. 340). By statute, proceeds from auctions are deposited into the Global Warming Solutions Fund. After administration fees are deducted from the pool, NJEDA receives 60% of the remaining funding for programming (focus area: commercial, institutional, and industrial entities). NJBPU and NJDEP each receive 20% of the remaining funding for programming (focus areas, respectively: low income and moderate income residential; and local government, forests, and tidal marshes).

Building Decarbonization

Per the 2023 RGGI Funding Plan: According to the NJDEP's New Jersey Greenhouse Gas Inventory, buildings currently are the second highest source of greenhouse gas emissions in the state. These emissions are primarily associated with the combustion of fossil fuels in space and water heating. In addition, hydrofluorocarbon (HFC) emissions from refrigeration and air conditioning account for 6% of the State's greenhouse gas inventory. HFCs are considered a climate "super pollutant" because these greenhouse gases have hundreds to thousands of times the heat trapping power of carbon dioxide (CO₂) and are the fastest growing source of greenhouse gases both internationally and in New Jersey.

New Jersey aims to reduce statewide greenhouse gas emissions compared to 2006 levels by 50% and then 80%--by 2030 and 2050 respectively. Existing building stock will continue to be a significant source of greenhouse gas emissions without decisive action. It is estimated that 80% of buildings that will be around in 2050 already exist today. Governor Murphy's Executive Order 316 sets clear near-term targets for building electrification in that by December 31, 2030, 400,000 additional dwelling units and 20,000 additional commercial spaces and/or public facilities statewide will be electrified, and an additional 10 percent of residential units serving households earning less than 80 percent of area median income will be made ready for electrification through the completion of necessary electrical system repairs and upgrades. On the longer term, New Jersey's 2019 Energy Master Plan's least cost scenario calls for converting at least 90% of residential and commercial buildings from natural gas to electric appliances by 2050. This past September, Governor Murphy signed New Jersey on to a 25-state coalition that aims to collectively reach 20 million heat pump installations across the coalition by 2030.

Per the 2023 RGGI Funding Plan: Cost is a major barrier when upgrading homes and businesses to reduce carbon emissions and transition to low GWP commercial refrigeration systems or

chillers. Funding the incremental costs to switch heating fuels and shift to new, low global warming potential (GWP) refrigeration systems is necessary to accelerate the installation of these systems. Since many new refrigeration appliances sold today utilize HFCs and will have an average product lifetime of about 15-20 years, New Jersey has a window of opportunity to incentivize the replacement and retrofit of older systems with those that use low and ultra-low-GWP refrigerants. Additional energy reduction benefits will be realized through this initiative because new refrigeration systems that use low-GWP refrigerants are more energy efficient than existing systems.

Program Details:

In accordance with the Building Decarbonization initiative in the 2023 RGGI Funding Plan, the NJ Cool Program (“Program” or “Pilot”) will support building decarbonization projects in existing commercial buildings in the state. Grants will be provided to reduce the costs of retrofit construction projects in existing commercial building spaces. Grant awards will cover 50% of eligible project costs up to a maximum award of \$1,000,000 per project (with a minimum award amount of \$50,000 per project).

Projects must include switching 75% or more of building space heating loads from existing fossil fuel-based combustion systems to non-combustion heating systems with low to zero direct operating emissions and/or replacing 75% or more of existing high global warming potential (GWP) refrigerants used for cooling within the building with lower GWP alternatives. In addition, work that further reduces building operating emissions and/or improves energy efficiency of the building can also be considered eligible costs for partial reimbursement through the grant. However, this emissions reduction/energy efficiency work will not be eligible independently for a grant without fuel switching or refrigerant replacement also occurring as part of the overall project requesting a grant award. Additional eligible emissions reduction/energy efficiency work are hard costs that include but are not limited to:

- Installing on-site renewable energy generation and/or storage systems
- Replacing gas powered appliances (ex: hot water heaters, clothes dryers, kitchen equipment) with electric alternatives
- Installing building management systems or energy load controls
- Conducting weatherization or building envelope (ex: façade, doors, windows, insulation) upgrades
- Installing heat recovery equipment
- Replacing lighting with more efficient equipment and/or controls

Eligibility:

Applicants may own or lease the building space that will be improved using the grant funding. If the space is leased, the Applicant must provide a certification from the landlord (that is, the building owner) that they have reviewed and approved the proposed project details.

The pilot is open to existing commercial spaces within the three designated pilot communities of Newark, Edison, and Atlantic City (see below on the factors used to select these three municipalities). NJEDA will utilize municipal boundaries for these communities in determining that an Applicant’s property address fits the project location criteria.

For the purposes of the pilot, commercial spaces are defined per a select list of Occupancy classes as defined by Chapter 3 of the current version of New Jersey Building Code. This includes Mercantile Group M (i.e., retail stores), Assembly Group A-2 (i.e., restaurants, bars, nightclubs, etc.), and Business Group B (i.e., banks, barber/beauty shops, professional services offices, etc.). Uses listed in New Jersey Building Code under Business Group B that will be excluded from pilot

eligibility are airport traffic control towers, buildings used for civic administration, educational purposes above the 12th grade, and post offices. These three Occupancy classes were selected for the pilot to provide a variety of commercial building uses to inform program design and operation. In addition, they are highly public facing spaces that can help inform community members about building decarbonization efforts and benefits. Other Occupancy classes were excluded from the initial pilot eligibility given that buildings with these other spaces typically have more complicated energy demands, potentially larger retrofit project costs, and complex building ownership structures. These additional Occupancy classes may be considered for inclusion in future program iterations.

Using building occupancy class to designate project eligibility allows for mixed-use buildings to be included in the pilot as occupancy class can be applied by code to only a portion of a building rather than the entire structure. For example, improvements can be made under the program to eligible ground floor retail spaces in a mixed-use building while excluding upgrades specific to residential apartments that may be located on the higher floors of a building. Please note, improvements (such as façade replacement, rooftop solar panel installations, or central HVAC equipment replacement) that may also result in emissions/energy reduction benefits to other building occupancy uses within a building in addition to the primary targeted Group M, A-2, or B occupied spaces are eligible for grant reimbursement. If the Applicant is a tenant, the minimum 75% switching requirement explained above for space heating load or existing refrigerants will only apply to the portions of the building within the tenant’s lease or the building systems affecting the tenant’s space within the overall building.

In addition to the eligibility parameters already stated above, the Applicant must also be in substantial good standing with the New Jersey Department of Labor and Workforce Development (NJDL) and New Jersey Department of Environmental Protection (NJDEP) to be eligible for the NJ Cool Program pilot. A current tax clearance certificate will need to be provided prior to application approval to demonstrate the Applicant is properly registered to do business in New Jersey and in substantial good standing with the NJ Division of Taxation.

To prevent duplication of benefits, participants in the NJ Clean Energy New Construction Program (Gut Rehab) or Large Energy Users Program are not eligible to participate in the pilot. Similarly, the maximum potential grant award will be calculated from total eligible project costs net the amount of any expected incentive payments from state-run or utility energy efficiency programs.

Diversity, Equity, and Inclusion:

The pilot is focused on three communities in the state: Newark, Edison, and Atlantic City. These three communities were selected for the pilot based on the prevalence of Overburdened Communities (OBCs) as defined by the New Jersey Environmental Justice Law, State geographic representation, and commercial electric and gas usage. Per the law, OBCs are Census block groups with at least 35 percent low-income households; or at least 40 percent of the residents identifying as minority or as members of a State recognized tribal community; or at least 40 percent of the households having limited English proficiency. Census block groups with zero population and located immediately adjacent to an OBC are labeled as “adjacent.” OBCs significantly overlap these three municipalities.

These three communities (Newark, Edison, and Atlantic City) also cover the three different geographic regions of the state: North, Central, and South Jersey respectively.

Per an analysis conducted with the support of NJDEP, the pilot communities are 3 of the top 4 municipalities in the state by commercial electric usage and 3 of the top 15 municipalities by commercial natural gas usage. Edison and Newark are the top 2 municipalities in the state based

on reported HFC facilities. Overall, the three communities have a significant number of commercial properties that will be potential Applicants for the pilot.

Eligible Funding Uses:

Eligible Project Costs:

- Materials, labor, and/or equipment provided by Publics Work contractor that are directly related to emissions reductions/energy efficiency improvements or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational (i.e., upgrading electric panels, structural improvements for rooftop solar or HVAC systems)
- Equipment and/or materials procured directly by the Applicant that are directly related to emissions reductions/energy efficiency or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational

Ineligible Project Costs:

- Soft costs: including but not limited to energy audits, design professional services, 3rd party construction management costs, permitting fees, commissioning costs, inspection fees
- Interior finish improvements and upgrades not related to operating energy/emissions reductions (ex: flooring, artwork)
- Other building system upgrades that are not related to energy/emissions reductions (ex: fire sprinklers, security cameras), even if required for overall building code compliance
- Furniture: non-permanent items (ex: desks, chairs, cabinets)
- Prior energy efficiency/emissions reductions improvements begun or completed before time of application approval
- New construction, including enlargements or additions to existing buildings that increase overall building square footage
- Facility or site acquisition
- Fines incurred because of code or zoning violations during construction project(s) associated with this grant

All work must be conducted in accordance with NJ prevailing wage and affirmative action requirements.

Grant awards will be calculated based on the quoted costs of the eligible project scope. The Program will not provide reimbursement for costs already incurred prior to application approval.

Application Process:

Applications will be accepted on a rolling, first-come first-served basis after the application is opened to the public. The application will remain open until all available funding is reserved or until three (3) years after date of application launch, whichever is sooner.

Applications will be evaluated to make sure that buildings meet pilot location requirements, building spaces meet appropriate occupancy class designations, and that the proposed project includes the required threshold for fuel switching and/or refrigerant replacement as part of the scope of work.

Applicants will submit supporting documentation and calculations to demonstrate the projected reduction in operating greenhouse gas emissions that will be enabled by the retrofit project. These supporting calculations must be prepared by a qualified building design or energy professional. Qualified building design or energy professionals include but are not limited to:
-Licensed engineer (NJ state professional engineer or other state's equivalent)

- Licensed architect (NJ state registered architect or other state's equivalent)
- Certified Energy Auditor (CEA certification from the Association of Energy Engineers)
- Certified Energy Manager (CEM certification from the Association of Energy Engineers)
- Energy Management Professional (EMP certification from the Energy Management Association)
- Building Energy Assessment Professional (BEAP certification from ASHRAE)

The supporting calculations will be prepared per guidelines to be developed by NJEDA in consultation with NJDEP. These calculations will also serve as the basis for reporting program wide emissions reductions and energy savings enabled by RGGI funding. The preparer of the calculations will also attest that the project as designed will result in the switching of 75% or more of building space heating loads from existing fossil fuel-based combustion systems to non-combustion heating systems with low to zero direct operating emissions and/or the replacement of 75% or more of existing high global warming potential (GWP) refrigerants used for cooling within the building with low GWP alternatives.

Applicants will indicate a requested grant amount in their application. They will provide quotes/cost estimates from Public Works contractor(s) for the proposed scope of work and any additional supporting details for any other eligible project cost information that may be borne directly by the Applicant.

After reviewing the submitted application materials, NJEDA will provide an approval letter to the applicant with the maximum potential grant award available for the project. As a condition of accepting the award and before entering into a grant agreement with NJEDA, the Applicant must provide proof of funding for total estimated project costs plus an additional 15% of overall project costs as contingency to allow for potential cost overruns that may arise during construction.

Additional financing provided by NJEDA may be used to cover project costs not eligible under the program. Additional financing provided by NJEDA may also be used to cover project costs paid up front by the Applicant prior to submitting for NJ Cool grant reimbursement. NJ Cool grant awards will not be adjusted following notice of application approval and the Applicant will be responsible for any additional or unexpected project costs, even if cost increases are related to the eligible project scope.

If at any point following Applicant submission the original contractor who provided the quote used for grant award calculation is no longer able to complete work for the approved project, the Applicant may utilize a new contractor for the work, so long as the contractor is a New Jersey Public Works Registered Contractor. Grant awards will not be recalculated if the application is already approved. If during the course of construction, the original contractor is no longer able to complete work for the approved project, the Applicant may identify a new contractor for the work, so long as the contractor is a New Jersey Public Works Registered Contractor. Grant awards will not be recalculated if contractors are replaced.

Disbursement Process:

Maximum eligible grant award will be determined at time of application approval. NJEDA will disburse funds via payments to the Applicant for reimbursement of eligible project costs at a 50% rate in two payment tranches. Up to one half of the maximum eligible grant award will be available for reimbursement when the applicant has paid 50% or more of estimated eligible project costs. The balance of the grant award will be available for disbursement at project completion when all eligible project work is completed and accepted by the applicant. Reimbursement will be based on submitted proof of actual project expenses (receipts, contractor invoices, etc.), signed progress/completion documents, and project photos. NJEDA reserves the right to conduct site visits during and following completion of construction activities to confirm that work is being

completed in accordance with eligible uses for the Program and all prevailing wage and affirmative action requirements.

Applicants will be responsible for repayment of all disbursed grant funding if they do not at a minimum complete the work required for either switching 75% or more of building space heating loads from existing fossil fuel-based combustion systems to non-combustion heating systems with low to zero direct operating emissions or replacing 75% or more of existing high global warming potential (GWP) refrigerants used for cooling within the building with lower GWP alternatives.

Delegated Authority

The Members are requested to approve delegated authority to the Chief Executive Officer to approve individual applications to the NJ Cool Program Pilot in accordance with the terms set forth in the attached product specifications.

Entities whose applications are denied will have the right to appeal. Appeals must be filed within the timeframe set in the declination letter (which staff will establish prior to the first appeal and which must be at least 10 business days). The Director of Legal Affairs will designate Hearing Officers who will review the application, the appeal, and any other relevant documents or information. The Hearing Officer will recommend an administrative decision. Appeals that include a discretionary basis for declination shall be submitted to the Authority's Board for their adoption as a final agency decision.

Program Funding

The NJ Cool pilot program will be funded from 2023 RGGI project funding available to NJEDA under the 2023-2025 Funding Plan.

The total RGGI-funded pilot program budget will be \$15,000,000 for grant awards. Of which:

- \$5,000,000 will be initially set aside for projects within the municipality of Newark
- \$5,000,000 will be initially set aside for projects within the municipality of Edison
- \$5,000,000 will be initially set aside for projects within the municipality of Atlantic City.

One year after application is open to the public, initial set asides will expire and all remaining program funding will be open to eligible building projects within the three pilot communities on a first come first served basis.

Minimum award size per project will be \$50,000. Maximum award size per project will be \$1,000,000.

Delegated authority is requested to utilize up to an additional \$15,000,000 in RGGI funds available to NJEDA to expand the pilot if program demand surpasses the initial \$15,000,000 funding allocation.

Administrative costs for the program will be covered under RGGI administrative funding that is available to NJEDA independently from RGGI project funding.

Fees:

NJEDA will charge Applicants fees consistent with the NJEDA's rules regarding fees, which at the time of this memo are as follows:

- Application fee: non-refundable \$1,000 fee for applying to this program.

Recommendation:

The Members are asked to approve:

1. The creation of the NJ Cool Program, a pilot program that will provide grants to retrofit projects in existing commercial buildings that result in a reduction of operating greenhouse gas emissions. The pilot will support projects located in the municipalities of the City of Newark (Newark), the Township of Edison (Edison), and the City of Atlantic City (Atlantic City).

2. The utilization of an initial \$15,000,000 from New Jersey Economic Development Authority's (NJEDA) allocation of the 2023 Regional Greenhouse Gas Initiative (RGGI) auction proceeds to capitalize the NJ Cool Program.

3. Delegation of authority to the Chief Executive Officer to:

a) Approve individual applications for the NJ Cool Program in accordance with the terms set forth in this memo and the attached program specifications.

b) Increase funding from \$15,000,000 to up to \$30,000,000 based on available RGGI funding if application demand exceeds the initial \$15,000,000 funding allocation.



Tim Sullivan, CEO

Prepared by: Sean Sonnemann, Senior Project Officer, Clean Energy

Attachments:

Appendix A – Proposed Product Specifications: NJ Cool Program Pilot

Proposed Program Specifications: NJ Cool Program Pilot November 16, 2023	
Funding Source	2023 project funding available to NJEDA from the Regional Greenhouse Gas Initiative Funds (RGGI) under the 2023-2025 Funding Plan.
Program Budget	<p>\$15,000,000, of which:</p> <ul style="list-style-type: none"> • \$5,000,000 will initially be set aside for projects within Newark • \$5,000,000 will initially be set aside for projects within Edison • \$5,000,000 will initially be set aside for projects within Atlantic City <p>One year after application is open to the public, initial set asides will expire and all remaining program funding will be open to eligible building projects within the three pilot communities on a first come first served basis.</p>
Program Purpose	To reduce operating greenhouse gas emissions from the commercial building sector in the State by offsetting capital costs of related construction projects for existing buildings. To allow NJEDA to assess effectiveness of funding levels and program design. To accelerate the adoption of building decarbonization systems, technologies, and construction practices within New Jersey.
Eligible Applicants	<p>Building owners or tenants with owner approval seeking to complete retrofit construction projects in existing commercial building spaces within the pilot communities of Newark, Edison, and Atlantic City. For the purposes of the pilot, existing commercial building spaces are classified as building spaces per New Jersey Building Code within Occupancy Classes:</p> <ul style="list-style-type: none"> • Mercantile Group M • Assembly Group A-2 • Business Group B (excluding airport traffic control towers, civic administration, educational purposes above the 12th grade, and post offices) <p>Note, proposed building improvements are acceptable if they also result in emissions/energy reductions for other building occupancy classes in a mixed-use building that are not under M, A-2, or B designation. To prevent duplication of benefits, participants in the NJ Clean Energy New Construction Program (Gut Rehab) or Large Energy Users Program are not eligible to participate in the pilot. Similarly, the maximum potential grant award will be calculated from total eligible project costs net the amount of any expected incentive payments from state-run or utility energy efficiency programs.</p>
Eligible Projects	<p>Project scope must include:</p> <p>A. Switching 75% or more of building space heating loads from existing fossil fuel-based combustion systems to non-combustion-based heating systems with low to zero direct operating emissions.</p> <p><i>and/or</i></p> <p>B. Replacing 75% or more of existing high global warming potential (GWP) refrigerants with lower GWP alternatives.</p> <p><i>Plus, optionally</i></p> <p>C. Additional work that further reduces operating emissions and/or improves energy efficiency of the building, including but not limited to:</p> <ul style="list-style-type: none"> • Installing on-site renewable energy generation and/or storage systems • Replacing gas powered appliances (ex: hot water heaters, clothes dryers, kitchen equipment) with electric alternatives

<p>Proposed Program Specifications: NJ Cool Program Pilot November 16, 2023</p>	
	<ul style="list-style-type: none"> • Installing building management systems or energy load controls • Conducting weatherization or building envelope (ex: façade, doors, windows, insulation) upgrades • Installing heat recovery equipment • Replacing lighting with more efficient equipment and/or controls <p>If the Applicant is a tenant, the minimum 75% switching requirement for heating load or existing refrigerants will only apply to the portions of the building within the tenant’s lease or the building systems affecting the tenant’s space within the overall building.</p>
<p>Eligible Uses</p>	<p>Eligible Project Costs:</p> <ul style="list-style-type: none"> • Materials, labor, and/or equipment provided by Publics Work contractor that are directly related to emissions reductions/energy efficiency improvements or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational (i.e., upgrading electric panels, structural improvements for rooftop solar or HVAC systems) • Equipment and/or materials procured directly by the Applicant that are directly related to emissions reductions/energy efficiency or enabling work necessary for proposed emissions reducing/energy efficient building systems to be operational <p>Ineligible Project Costs:</p> <ul style="list-style-type: none"> • Soft costs: including but not limited to energy audits, design professional services, 3rd party construction management costs, permitting fees, commissioning costs, inspection fees • Interior finish improvements and upgrades not related to operating energy/emissions reductions (ex: flooring, artwork) • Other building system upgrades not related to operating energy/emissions reductions (ex: fire sprinklers, security cameras), even if required for overall building code compliance • Furniture: non-permanent items (ex: desks, chairs, cabinets) • Prior energy efficiency/emissions reductions improvements began or completed before time of application to the program • New construction, including enlargements or additions to existing buildings that increase overall building square footage • Facility or site acquisition • Fines incurred because of code or zoning violations during construction project associated with this grant <p>All work must be conducted in accordance with NJ prevailing wage and affirmative action requirements.</p>
<p>Application Process</p>	<p>Complete applications will be reviewed on a rolling basis.</p> <p>Step 1: Applicant submits application to NJEDA, which shall include, among other items:</p> <ul style="list-style-type: none"> • Building address and property information (size, type, occupancy, etc.) • Proof of compliance with eligible building occupancy classes (use) including but not limited to an existing building permit, certificate of occupancy, or similar documentation

**Proposed Program Specifications:
NJ Cool Program Pilot
November 16, 2023**

- Proof of ownership/proof of owner permission
 - If Applicant leases space, a copy of their lease and a certification from the landlord that they have reviewed and approved the proposed facility improvement(s).
 - If Applicant owns space, a deed, property tax statement, or current mortgage statement from the lender.
- A description of the proposed project
- Photos of the existing building space
- Valid New Jersey tax clearance certificate
- Cost estimate:
 - Quote(s) from contractor(s) that are registered with NJDOL as a Publics Works Registered Contractor with costs consistent with New Jersey State prevailing wage rates
 - Vendor quotes or similar retailer price information for any relevant items to be purchased directly by the Applicant
- Estimated project schedule
- Requested grant award amount
- Expected utility/state energy efficiency incentive payments (if applicable)
- Green building certification being pursued (if applicable)
- Projected operating greenhouse gas emissions savings as a result of the project (calculated by a qualified professional) with supporting information and additional documentation as required (historic energy bills, HVAC equipment information, etc.)
 - Qualified professionals include but are not limited to:
 - Licensed engineer (NJ state professional engineer or other state's equivalent)
 - Licensed architect (NJ state registered architect or other state's equivalent)
 - Certified Energy Auditor (CEA certification from the Association of Energy Engineers)
 - Certified Energy Manager (CEM certification from the Association of Energy Engineers)
 - Energy Management Professional (EMP certification from the Energy Management Association)
 - Building Energy Assessment Professional (BEAP certification from ASHRAE)

Step 2: After reviewing the submitted application materials, NJEDA will provide an approval letter to the applicant with the maximum potential grant award available for the project. As a condition of accepting the award and before entering into a grant agreement with NJEDA, the Applicant must provide proof of funding for total estimated project costs plus an additional 15% of overall project costs as contingency to allow for potential cost overruns that may arise during construction. NJEDA grant awards will not be adjusted following notice of application approval and the Applicant will be responsible for any additional or unexpected project costs, even if relevant to the eligible project scope. The Applicant will have two (2) months from notice of application approval with award amount by the Authority to submit proof of funding for the balance of project costs, with the possibility for additional two-month extension(s) at

**Proposed Program Specifications:
NJ Cool Program Pilot
November 16, 2023**

	<p>the discretion of the Authority. Proof of funding can include bank account statements, financing agreement, or similar indication of available working capital for the project costs. Additional financing provided by NJEDA may be used to cover project costs not eligible under the program. Additional financing provided by NJEDA may also be used to cover project costs paid up front by the Applicant prior to submitting for NJ Cool grant reimbursement.</p> <p>Step 3: Upon confirmation of acceptable proof of funding for the balance of project costs from the Applicant, NJEDA will execute a grant agreement with the Applicant for the project. Project construction activity must commence on site within six (6) months of grant agreement execution, or the applicant must demonstrate that permit applications (if required) are pending with relevant building authorities, with the possibility for six-month extension(s) at the discretion of the Authority.</p> <p>Step 4: Applicants will have two (2) years from project construction commencement to achieve project completion, with the possibility for six-month extension(s) at the discretion of the Authority.</p>
Grant Amounts	<p>Minimum grant award of \$50,000 per project Reimbursement of 50% of eligible project costs capped at \$1,000,000 per project</p>
Fees	<p>\$1,000 application fee per project application</p>
Disbursement	<p>Maximum eligible grant award will be determined at time of application approval. NJEDA will disburse funds via payments to the Applicant for reimbursement of eligible project costs at a 50% rate in two payment tranches. Up to one half of the maximum eligible grant award will be available for reimbursement when the applicant has paid 50% or more of estimated eligible project costs. The balance of the grant award will be available for disbursement at project completion when all eligible project work is completed and accepted by the Applicant. Reimbursement will be based on submitted proof of project expenses (receipts, contractor invoices, etc.), signed progress/completion documents, and project photos. NJEDA reserves the right to conduct site visits during and following completion of construction activities to confirm that work is being completed in accordance with eligible uses for the Program and all prevailing wage and affirmative action requirements. Applicants will be responsible for repayment of all disbursed grant funding if they do not at a minimum complete the work required for either switching 75% or more of building space heating loads from existing fossil fuel-based combustion systems to non-combustion heating systems with low to zero direct operating emissions or replacing 75% or more of existing high global warming potential (GWP) refrigerants used for cooling within the building with lower GWP alternatives.</p>

ADOPTED
NOV 16 2023

Attachments

Resolution of the New Jersey Economic Development
Authority Regarding Approval of the New Jersey
Cool Program

WHEREAS, the Members of the New Jersey Economic Development Authority have been presented with and considered a Memorandum and attachment, in the forms attached hereto; and

WHEREAS, the Memorandum and attachment requested the Members to adopt a resolution authorizing certain actions by the New Jersey Economic Development Authority, as outlined and explained in said Memorandum.

NOW, THEREFORE, BE IT RESOLVED by the Members of the New Jersey Economic Development Authority as follows:

1. The actions set forth in the Memorandum and attachment, attached hereto, are hereby approved, subject to any conditions set forth as such in said Memorandum.
2. The Memorandum and attachment, attached hereto, is hereby incorporated and made a part of this resolution as though set forth at length herein.
3. This resolution shall take effect immediately, but no action authorized herein shall have force and effect until 10 days, Saturdays, Sundays, and public holidays excepted, after a copy of the minutes of the Authority meeting at which this resolution was adopted has been delivered to the Governor for his approval, unless during such 10-day period the Governor shall approve the same, in which case such action shall become effective upon such approval, as provided by the Act.

DATED: November 16, 2023

EXHIBIT